

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Matthew Craig Rubin
Ivan Bondy
Why Weight Women's Total Fitness, Inc.
5959 West Century Boulevard, Suite 510
Los Angeles, California 90045-6527

File No. 993-5092

**STATEMENT IN SUPPORT OF ORDER DENYING
EFFECTIVENESS OF FRANCHISE REGISTRATION APPLICATION**

(Corporations Code section 31117)

The California Corporations Commissioner finds that:

1. Why Weight Women's Total Fitness, Inc. is a California corporation that was formed on September 12, 2003. Its principal place of business is 5959 West Century Boulevard, Suite 510, Los Angeles, California 90045-6527. In October 2003 Why Weight Women's Total Fitness, Inc. began offering franchises for the operation of fitness and nutrition centers emphasizing a 30-minute circuit exercise program. The company maintains a website at www.whyweightinc.com.

2. Matthew Craig Rubin was one of the founders of Why Weight Women's Total Fitness, Inc. and at all times from the date of its creation to at least April 9, 2004 acted as one of its principal officers and directors in fact, exercising management responsibility and control with regard to all facets of its operations, including the franchises offered by the company.

1 3. On or about February 10, 1994, judgment was entered against Matthew Craig Rubin in the
2 United States District Court for the Central District of California, *United States of America v. Andrew*
3 *David Rubin, aka Mark Roth, and Matthew Craig Rubin, aka Simon Stern*, Case No. CR 93-536-
4 RMT, following his guilty plea to five felony counts of mail fraud in violation of 18 U.S.C. § 1341.
5 The convictions related to a scheme to defraud operated by Mathew Craig Rubin and his brother
6 Andrew David Rubin, holding themselves out as loan brokers under the business name United
7 Financial Services. Pursuant to that scheme the Rubins charged “application fees” of \$99 to
8 approximately 1,100 customers and then misappropriated the fees without making or brokering loans.
9 The Rubins also failed to pay over \$120,000 for radio advertising they used to promote the scheme
10 resulting in a total loss from the scheme to defraud in an amount exceeding \$230,000.
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12 4. On or about July 19, 2002, judgment was entered against Matthew Craig Rubin in the
13 United States District Court for the Central District of California, *FTC v. Medicor LLC, et al.*, Case
14 No. CV 01-1896 CBM, FTC File No. 002 3356. The judgment was the result of a lawsuit filed by
15 the Federal Trade Commission in March 2001 against defendants including Matthew Craig Rubin,
16 his brother Andrew David Rubin, and Medicor, LLC. In its lawsuit the Federal Trade Commission
17 proved that the Rubins had engaged in a fraudulent telemarketing scheme whereby they deceptively
18 sold work-at-home medical billing opportunities to more than 40,000 people. In the judgment,
19 Matthew Craig Rubin was permanently enjoined from engaging in such activities in the future and
20 ordered to pay more than \$16.5 million in restitution for the benefit of consumers who were victims
21 of the fraudulent scheme.
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23 6. Ivan Bondy was one of the founders of Why Weight Women’s Total Fitness, Inc. and has
24 been one of its principal officers and directors in fact from the date of its creation to the present,
25 exercising management responsibility and control with regard to all facets of its operations, including
26 the franchises offered by the company. Ivan Bondy filed a bankruptcy petition in January 3, 1997.
27 His debts were discharged by order dated April 21, 1997.
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1 7. On or about October 14, 2003, Matthew Craig Rubin and Ivan Bondy caused Why Weight
2 Women's Total Fitness, Inc. to file an application pursuant to Corporations Code section 31111 for
3 registration of an offer to sell franchises under the name Why Weight Women's Total Fitness, Inc. in
4 California. In violation of the requirements of the Franchise Investment Law, its implementing
5 regulations and the Uniform Franchise Offering Circular Guidelines, the application failed to identify
6 Matthew Craig Rubin and Ivan Bondy as principal officers and executives of the company with direct
7 management responsibility relating to marketing and servicing the franchises the company proposed
8 to offer in California. The application further failed to disclose required information concerning
9 Matthew Craig Rubin's past employment, conviction, and judgment liability. The application also
10 failed to disclose Ivan Bondy's 1997 bankruptcy.

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12 8. After the Department of Corporations brought some of the omissions to the attention of
13 Why Weight Total Women's Fitness, Inc., it filed an amended application on January 13, 2004. In
14 that amendment the company identified Ivan Bondy as its President, Secretary and Director and
15 disclosed his prior bankruptcy. The company also identified Matthew Craig Rubin as the company's
16 Advertising and Operational Administrator and a "significant employee" and further disclosed the
17 2002 civil judgment against him. The amended application still failed to disclose the 1994 felony
18 conviction of Matthew Craig Rubin and further failed to report accurately Matthew Craig Rubin's
19 true role as one of the principals and managers of the company.

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21 9. On or about February 23 and March 24, 2004, Why Weight Women's Total Fitness, Inc.
22 filed amendments to its application which deleted all references to Ivan Bondy's involvement in the
23 company, even though Bondy remained one of the persons in control of the company and its
24 operations.

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26 10. During the period of approximately February to April, 2004, Why Weight Women's
27 Total Fitness, Inc. offered Why Weight Women's Total Fitness franchises to numerous California
28 residents even though the offer of the franchises had not been registered pursuant to the Franchise

1 Investment Law. On April 21, 2004 such offers were made at a so-called Discovery Day seminar the
2 company held at the Crowne Plaza Hotel at 5986 West Century Boulevard in Los Angeles.

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4 11. On April 6, 2004, the Department of Corporations contacted Why Weight Women's Total
5 Fitness, Inc. concerning its failure to disclose the prior criminal conviction of Matthew Craig Rubin
6 and its failure to disclose that Matthew Craig Rubin and his brother Andrew David Rubin were
7 operating a new company they had created called Cosmetica Consulting Group from the premises of
8 Why Weight Women's Total Fitness, Inc. In response, the company's counsel sent a communication
9 to the Department of Corporations on April 12, 2004 which stated in pertinent part:

10 "I have just spoken with, Mr. Bondy, the majority shareholder of Why Weight regarding the
11 Department's most recent query re: Mr. Rubin and Cosmetica. In light of this and some
12 additional information learned by Mr. Bondy recently, Mr. Bondy has requested the
13 resignation of Mr. Rubin effective Friday, April 9, 2004 and Mr. Rubin has agreed to resign.
14 He will no longer have any responsibilities at Why Weight and accordingly will be deleted
15 from Item 2 of the Why Weight UFOC. Mr. Bondy will be resuming some operational
16 responsibilities on what he hopes will be a temporary basis until all matters are resolved and
17 to determine who, if anyone, will be replacing Mr. Rubin."

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19 Based upon the foregoing findings, the California Corporations Commissioner is of the
20 opinion that at all times prior to and up to at least April 9, 2004 Matthew Craig Rubin was an officer
21 and director in fact of Why Weight Women's Total Fitness, Inc. The California Corporations
22 Commissioner is of the further opinion that Matthew Craig Rubin was convicted of felonies in 1994
23 and was held liable by final judgment in a civil action involving fraud in 2002 within the meaning of
24 Corporations Code section 31115(d)(1). The California Corporations Commissioner is also of the
25 opinion that Matthew Craig Rubin is subject to a currently effective injunctive or restrictive order
26 relating to business activity as a result of an action brought by a public agency within the meaning of
27 Corporations Code section 31115(d)(4). The California Corporations Commissioner is of the further
28 opinion that the involvement of Matthew Craig Rubin in Why Weight Women's Total Fitness, Inc.

1 has created an unreasonable risk to prospective franchisees within the meaning of Corporations Code
2 section 31115(d).

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4 The California Corporations Commissioner is also of the opinion that Why Weight Women's
5 Total Fitness, Inc. failed to comply with the Franchise Investment Law, specifically Corporations
6 Code sections 31200 and 31114, and with the rules of the Commissioner pertaining to that law,
7 specifically Title 10, sections 310.111 and 310.114.1 of the California Code of Regulations, when it
8 failed to identify Matthew Craig Rubin and Ivan Bondy as two of its officers and directors in its
9 franchise application filed on October 14, 2003, and when it failed to provide required disclosures
10 about them in the franchise application filed on October 14, 2003 and in the amendments to its
11 application filed on January 13, 2004, February 23, 2004 and March 24, 2004.

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13 In addition, the California Corporations Commissioner is of the opinion that Why Weight
14 Women's Total Fitness, Inc. offered franchises in California without the offer having been registered
15 under the Franchise Investment Law, in violation of Corporations Code section 31110.

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17 Notwithstanding Why Weight Women's Total Fitness, Inc.'s claim that Matthew Craig
18 Rubin is no longer associated with the company, the California Corporations Commissioner is of the
19 opinion that Ivan Bondy remains the company's majority shareholder and one of the individuals, if
20 not the sole individual, in a position to manage and control the operations of the company. Ivan
21 Bondy was at all times aware of and one of the people responsible for the misrepresentations and
22 omissions in the documents that were filed by Why Weight Women's Total Fitness, Inc. with the
23 Department of Corporations. Ivan Bondy has also had knowledge that Why Weight Women's Total
24 Fitness, Inc. was offering franchises to California residents even though the offer was not registered
25 pursuant to the Franchise Investment Law and failed to take appropriate action to halt the practice.

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27 For these reasons, the California Corporations Commissioner has determined that an order
28 should be issued pursuant to Corporations Code section 31115(a) and (b) to deny the effectiveness of

1 the franchise application of Why Weight Women's Total Fitness, Inc., on the ground that there has
2 been a failure to comply with sections 31110, 31200 and 31114 of the California Corporations Code
3 and Title 10, sections 310.111 and 310.114.1 of the California Code of Regulations and on the further
4 ground that the offer of sale of Why Weight Women's Total Fitness franchises in California would
5 constitute misrepresentation, deceit and fraud of the purchasers.

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7 Dated: June 17, 2004
8 Los Angeles, California

9 WILLIAM P. WOOD
10 California Corporations Commissioner

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12 By _____
13 KAREN L. PATTERSON
14 Senior Corporations Counsel
15 Enforcement and Legal Services Division
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